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14 October 1983

MEMORANDUM FOR: Ambassador Nicholas Salgo

VIA : [] EUR/EEY

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FROM : [] Ch/EURA/EE

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SUBJECT : Tourism in Hungary

1. The following data are in response to your request for information on the importance of tourism in Hungary's current account and the country of origin of tourists to Hungary. The sources are Hungarian statistical publications []

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2. Net hard currency tourism receipts have increased steadily over the past six years from \$34 million in 1978 to an estimated \$206 million in 1983 []. These revenues are very important to Hungary, despite the fact that they account for less than 5 percent of total hard currency earnings. This year, for example, net tourism earnings will represent almost half of Budapest's current account surplus []. The Hungarians hope that recently completed projects to expand hotel capacity will help ensure a growing stream of earnings in the future. The authorities also are attempting to crack down on black market activity in the tourist industry in order to channel more revenues into the state treasury and out of private hands. []

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3. The vast majority of tourists visiting Hungary come from other socialist countries, accounting for 80 - 90 percent of all tourists during the past five years (see Table 4). Most of these tourists, of course, do not spend hard currency and are seen as something of a drain on Hungarian consumer supplies. The number of these tourists fell from 9.1 million in 1981 to only 5 million in 1982, largely as the result of restrictions imposed by Budapest. Budapest, for instance, limited Czechoslovak tourists to only two trips per year and set a maximum on forints these tourists can purchase, regardless of length of stay. In addition, martial law restrictions prevented many Poles from traveling within the bloc for most of the year. []

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4. During the past five years, an annual average of 1.3 million Western tourists visited Hungary, two thirds from Austria and West Germany. An average of 56,000 US tourists visited Hungary annually.

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Table 4

TOURISTS VISITING HUNGARY: BY COUNTRY OF ORIGIN
(Thousands)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
TOTAL	9950	9847	9413	10450	6473
From Socialist countries	8788	8510	8189	9131	4996
From Non-socialist countries	1162	1337	1224	1319	1477
of which					
Austria	316	395	346	389	432
West Germany	403	452	414	478	568
United States	61	56	50	53	60

Source: Hungarian Statistical Yearbooks